

## HR 1068

Carried Interest Fairness Act of 2021

**Congress:** 117 (2021–2023, Ended)

**Chamber:** House

**Policy Area:** Taxation

**Introduced:** Feb 15, 2021

**Current Status:** Referred to the House Committee on Ways and Means.

**Latest Action:** Referred to the House Committee on Ways and Means. (Feb 15, 2021)

**Official Text:** <https://www.congress.gov/bill/117th-congress/house-bill/1068>

### Sponsor

**Name:** Rep. Pascrell, Bill, Jr. [D-NJ-9]

**Party:** Democratic • **State:** NJ • **Chamber:** House

### Cosponsors (15 total)

| Cosponsor                             | Party / State | Role | Date Joined  |
|---------------------------------------|---------------|------|--------------|
| Rep. Beyer, Donald S., Jr. [D-VA-8]   | D · VA        |      | Feb 15, 2021 |
| Rep. Blumenauer, Earl [D-OR-3]        | D · OR        |      | Feb 15, 2021 |
| Rep. Levin, Andy [D-MI-9]             | D · MI        |      | Feb 15, 2021 |
| Rep. Porter, Katie [D-CA-45]          | D · CA        |      | Feb 15, 2021 |
| Rep. Suozzi, Thomas R. [D-NY-3]       | D · NY        |      | Feb 15, 2021 |
| Rep. Chu, Judy [D-CA-27]              | D · CA        |      | Mar 3, 2021  |
| Rep. Davis, Danny K. [D-IL-7]         | D · IL        |      | Mar 3, 2021  |
| Rep. Cohen, Steve [D-TN-9]            | D · TN        |      | May 14, 2021 |
| Rep. Higgins, Brian [D-NY-26]         | D · NY        |      | Jul 2, 2021  |
| Rep. Raskin, Jamie [D-MD-8]           | D · MD        |      | Jul 9, 2021  |
| Rep. Watson Coleman, Bonnie [D-NJ-12] | D · NJ        |      | Jul 9, 2021  |
| Rep. Grijalva, Raúl M. [D-AZ-3]       | D · AZ        |      | Aug 6, 2021  |
| Rep. Trone, David J. [D-MD-6]         | D · MD        |      | Aug 10, 2021 |
| Rep. DeFazio, Peter A. [D-OR-4]       | D · OR        |      | Nov 12, 2021 |
| Rep. Pocan, Mark [D-WI-2]             | D · WI        |      | Apr 25, 2022 |

### Committee Activity

| Committee                | Chamber | Activity    | Date         |
|--------------------------|---------|-------------|--------------|
| Ways and Means Committee | House   | Referred To | Feb 15, 2021 |

### Subjects & Policy Tags

**Policy Area:**

Taxation

## Related Bills

| Bill        | Relationship | Last Action   |
|-------------|--------------|---|
| 117 HR 5648 | Related bill | Nov 1, 2022: Referred to the Subcommittee on the Constitution, Civil Rights, and Civil Liberties. |
| 117 S 3022  | Related bill | Sep 8, 2022: Committee on Banking, Housing, and Urban Affairs. Hearings held.                     |
| 117 HR 6763 | Related bill | Feb 18, 2022: Referred to the House Committee on Ways and Means.                                  |
| 117 S 1598  | Related bill | May 12, 2021: Read twice and referred to the Committee on Finance.                                |
| 117 HR 1376 | Related bill | Feb 26, 2021: Referred to the Subcommittee on Environment and Climate Change.                     |

## Summary (as of Feb 15, 2021)

### Carried Interest Fairness Act of 2021

This bill modifies the tax treatment of carried interest, which is compensation that is typically received by a partner of a private equity or hedge fund and is based on a share of the fund's profits. (Under current law, carried interest is taxed as investment income rather than at ordinary income tax rates.)

This bill includes provisions that

- set forth a special rule for the inclusion in gross income of partnership interests transferred in connection with the performance of services,
- treat as ordinary income the net capital gain with respect to an investment services partnership interest except to the extent such gain is attributable to a partner's qualified capital interest,
- exempt income from investment services partnership interests from treatment as qualifying income of a publicly traded partnership,
- exempt certain family partnerships from the application of this bill,
- increase the penalty for underpayments of tax resulting from failure to treat income from an investment services partnership interest as ordinary income, and
- include income and loss from an investment services partnership interest for purposes of determining net earnings from self-employment and applicable self-employment taxes.

The bill defines *investment services partnership interest* as any interest in a partnership held by a person who provides services to a partnership by (1) advising the partnership about investing in, purchasing, or selling specified assets; (2) managing, acquiring, or disposing of specified assets; or (3) arranging financing with respect to acquiring specified assets.

### Actions Timeline

- **Feb 15, 2021:** Introduced in House
- **Feb 15, 2021:** Referred to the House Committee on Ways and Means.